REMARKS/ARGUMENTS

Claims 1-4 and 6-37 are pending in this application. Claims 1-4 and 6-37 stand rejected under 35 U.S.C. § 103 as unpatentable over US Patent No. 6,014,627 to Tougher et al. ("Tougher") in view of US Patent No. 6,317,727 to May ("May") further in view of US Patent No. 5,857,176 to Ginzberg ("Ginzberg"). Claims 1-4 and 6-37 further stand rejected under 35 U.S.C. § 112, second paragraph. Claim 1 has been amended to expedite prosecution.

Applicants respectfully request reconsideration of claims 1-4 and 6-37, in light of the following remarks.

Rejection of Claims 1-4 and 6-37 Under 35 U.S.C. § 112, ¶2

Claims 1-4 and 6-37 were rejected under 35 U.S.C. § 112, ¶2 as failing to particularly point out and distinctly claim the subject matter which the Applicants regard as their invention. The basis for this rejection is stated in the Office Action as follows:

> In particular the key underlying assumptions in the derivation of the equations is not delineated which would incorporate the actual time-dependent governing differential equations for the dynamical process as well as a generalized closed form analytical solution or else as a convergent series.

Applicants respectfully traverse this rejection.

First, it is not clear to the Applicants what specific claim terminology is found objectionable. Specifically, it is not clear what "equations" are asserted to have not been adequately delineated. Accordingly, Applicants have requested clarification as to this objection (See April 10, 2003 Amendment and Response p. 6) and repeat such request, to the extent such rejection is not withdrawn.

Second, the Office Action provides no basis, and cites no case, law or requirement under the M.P.E.P for requiring that "the key underlying assumptions in the derivation of the equations [be] delineated which would incorporate the actual time- dependent governing differential equations for the dynamics process as well as a generalized form analytical solution or else as 4 convergent series." (Office Action, ¶ 7) "The examiner's focus during examination of claims for compliance with the requirements for definiteness of 35 U.S.C. 112, second paragraph is whether the claim meets the threshold requirements of clarity and precision, not whether more suitable language or modes of

expression are available. The essential inquiry pertaining to this requirement is whether the claims sent out and circumscribe a particular subject matter with a reasonable degree of clarity and precision." (M.P.E.P. § 2173.02) (emphasis supplied). Nothing on the record suggests that the claims fail to clearly describe "the boundaries of what constitutes infringement, to one of ordinary skill in the art." (M.P.E.P. § 2173).

Accordingly, it is respectfully submitted that claims 1-4 and 6-37 meet the requirements of 35 U.S.C. § 112, ¶2.

Rejection of Claims 1-4 and 6-37 under 35 U.S.C. § 103

The Office Action rejected claims 1-4 and 6-37 under 35 U.S.C. § 103 as being obvious over Togher, in view of May and further in view of Ginzberg. Applicants respectfully traverse this rejection.

To establish a *prima facie* case of obviousness, "there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art" and the prior art references "must teach or suggest all the claim limitations." (M.P.E.P. § 706.02(j)). Applicants suggest that the Office Action fails to meet neither of these standards. Each of the claims of the present invention recite that when a trade is made in a financial instrument having a tenor falling within bucket(x) (maturity band), the trade will effect the amount of available credit in bucket(x), and proportionally effect the amount of available credit in other buckets (or maturity bands).

For example, claim 1 recites:

> recalculating said proportional draw down amount for each said bucket by implementing a function expressed as
>
> $$M_i^{\alpha+1} = M_i^{\alpha} - (M_i^{\alpha} / M_k^{\alpha}) * X_k,$$
>
> where $M_i^{\alpha+1}$ denotes the value of the proportional draw down for bucket i after $\alpha+1$ trades, and X_k denotes the size of the trade for bucket k.

Claim 13 recites:

> setting a normalized total credit (NTC) based on said initial proportional draw down for at least one said bucket;
>
> calculating a conversion ratio CR_i to said NTC for each said bucket (i);
>
> recalculating NTC according to the function
>
> $$NTC^{\alpha+1} = NTC^{\alpha} - (X_k * CR_i),$$

where $NTC^{\alpha+1}$ is the NTC value after $\alpha + 1$ trades, X_k is the size of the $\alpha + 1$ trade and CR_i is the conversion ratio for bucket i; and

recalculating said proportional draw down for each said bucket according to the function

$$M_i^{\alpha+1} = NTC^{\alpha+1} * 1/CR_i$$

where $M_i^{\alpha+1}$ denotes the value of the proportional draw down for bucket i after $\alpha + 1$ trades.

Claim 29 recites:

> assigning a relationship to said available credit limits associated with said buckets, wherein credit extended on in connection with a trade action associated with a trade amount and a financial instrument having a tenor falling within said range of tenors for one of said buckets (the k^{th} bucket) reduces said available credit in $bucket_i$ for i = 1 to N in proportion to said trade amount multiplied by said initial available credit limit associated with $bucket_i$ divided by said initial available credit limit associated with said k^{th} bucket.

Claims 30 and 33 recite:

> for each $bucket_i$ for i = 1 to N reducing said currently available credit limit in proportion to said trade amount multiplied by said initial available credit limit associated with $bucket_i$ divided by said initial available credit limit associated with said k^{th} bucket.

None of these limitations are taught or suggested by the prior art made of record, nor has the Office Action identifed anything in such prior art which purports to teach describe such steps.

As noted in the specification and Applicants' prior Amendments, May describes three screening methods, including a "complex" method in which each entity specifies a maximum amount it will trade with each counterparty for one or more "maturity bands." (See May col. 23, l. 65 – col. 24, l. 44). For example, an entity could specify that for a given counterparty, it "will do up to $100 million out for 5 years, and then only $50 million out from thereafter out to 10 years, and nothing thereafter." (See May col. 24, ll. 42-44) (emphasis supplied). However, the credit limits for each of the maturity bands under May's "complex" method are not coupled. Accordingly, trades with tenors falling within one band, do not effect the amount of available credit in other bands. Thus, for the above cited example from the May specification, the parties could do the full $100

million credit limit for the lower band (i.e. up to 5 years) without affecting the amount they could do (i.e. $50 million) in the next band (i.e. over 5 years to 10 years). Nothing in the prior art made of record teaches or suggest coupling credit limits as claimed by the Applicants.

The Office Action states that "[i]n May's complex method, the trade is split over multiple maturity bands (col 23 line 65-col 24 line 22)." Applicants' respectully disagree with this assertion. Nowhere does May (including the sections cited by the Office Action) teach or suggest spliting a trade over multiple maturity bands. In particular, the discussion of May's complex method in the section cited by the Office Action is limited to the following:

> Complex – This is based on the RQ of each contract within maturity bands. The system calculates a RQ for each instrument in the form of a constant currency unit expressed as a percentage. Each business unit has the choice of using the system generated RQ unit or to provide their own.

Even, assuming *arguendo* that May does teach spliting trades over multiple maturity bands, such a teaching, either alone or in combination with the other art of record, would not teach or suggest any of the above limitations.

Ginzberg teaches data processing methods and apparatus directed to the real time determination of selected fixed income indices based on a basket of securities, for use in gauging interest rate profiles (Ginzberg col. 1, ll. 12-25; see also col. 3, ll. 39-44). This is inapposite for several reasons. First, there is no motivation to combine Ginzberg's method for creating an interest rate index with either May or Tougher. The Office Action states that the purported motivation would be "to teach a system incorporting credit limits for counterparties engaged in the trading of financial instruments which are dynamically adjusted over a trading session as in baskets of securities as enunicated by Ginzberg." (Office Action, ¶ 6). It is respectfully suggested that the application of any "baskets of securities" as taught in Ginzberg's method for generating interest rate indices to the systems of May or Tougher is no more than hindsight based on Applicants' disclosure.

Moreover, even if Ginzberg were applied to May and Tougher, the combined references do not teach or disclose the claimed invention, including the limitations discussed above, nor has the Office Action set forth "the proposed modifications of the

applied references necessary to arrive at the claimed subject matter." (M.P.E.P. § 706.02(j)). Specifically, the Office Action does not set forth, and none of the references teach or suggest, how May and Tougher could be modified to incorporate Ginzberg's "baskets" of securities in order to arrive at the claimed subject matter.

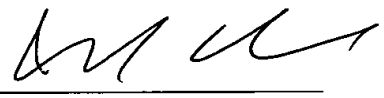
Accordingly neither May, nor Tougher, nor Ginzberg teach or disclose the claimed invention as recited by each the independent claims (claims 1, 13, 29, 30 and 33). Therefore, independent claims 1, 13, 29, 30 and 33 are believed patentable over the prior art of record.

In view of the forgoing supporting remarks, Applicants respectfully request allowance of claims 1-4 and 6-37.

If the Examiner wishes to direct any questions concerning this application to the undersigned Applicants' representative, please call the number indicated below

Respectfully submitted,

Skadden, Arps, Slate, Meagher & Flom LLP

By 

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